



April 19, 2007

Jarvio Grevious
Deputy Executive Officer

Gregory Franklin
Administrative Executive Officer
Lincoln Plaza
400 Q Street
Sacramento, CA 95814

Dear Jarvio and Gregory:

After a six month nation-wide search, I am delighted to announce that Tom McCaffery will be joining Blue Shield of California on May 29, 2007 as Vice President of our CalPERS Unit where he will oversee all aspects of our contract to serve 386,000 CalPERS members throughout California. He'll be based in our Sacramento office.

Tom brings to this position significant experience in all aspects of California healthcare, including executive level positions with the Alliance of California Healthcare, California Health and Welfare Agency and most recently was appointed by Governor Schwarzenegger as the Chief Deputy Director at the California Department of Health Services.

Tom is a graduate of the University of Notre Dame and earned a Masters of Public Policy from the University of California at Berkeley. In addition to bringing substantial experience and education to this position, I'm also excited about Tom's interest and commitment in working to improve healthcare for all Californians from the uninsured to MediCal and now to CalPERS.

Best Regards,

A handwritten signature in black ink that reads "Paul Markovich".

Paul Markovich
Senior Vice President